WEEKLY ECONOMIC REVIEW

December 1, 2006

Economic data released this week confirm that economic expansion in Canada and the United States continues to slow. Real gross domestic product (GDP) in Canada increased at an annualized pace of 1.7 per cent in the third quarter of 2006, after growth of 2 per cent in the second quarter. Growth was led by consumer expenditures, exports and non-residential investment. Residential construction investment declined for the second quarter in a row and manufacturing output fell for the third consecutive quarter.

Growth in Canada remains about 0.5 percentage points below that in the United States. U.S. GDP growth was revised up to 2.2 per cent in the third quarter from the initial estimate of 1.6 per cent, down from 2.6 per cent in the previous quarter.

The housing sector, which dragged down U.S. growth in the previous two quarters, remains soft. New home sales declined by 3.2 per cent, between September and October. Consumer expenditures, however, increased by 0.2 per cent over the same period, indicating resiliency of consumers in the wake of the weak housing sector.

Canada's employment increased by 22,400 in November, as a result of gains in part-time workers. The unemployment rate rose slightly to 6.3 per cent.

Cdn Dollar (C¢/US$)

Dec	1, 2006	87.4¢
Nov	24, 2006	88.1¢
2006-07 YTD		89.0¢

WTI Oil SUS/bbl

Nov	30, 2006	$63.13
Nov	22, 2006	$59.24
2006-07 YTD		$66.71

Nymex Natural Gas CS/mcf *

December Contract

Dec	1, 2006	$9.70
Nov	22, 2006	$8.80

*Estimate based on Nymex Futures Market Price

Alberta continues to lead the provinces in employment growth, accounting for 40 per cent of the national increase since the beginning of the year. Alberta's employment has increased by over 82,000, year-to-date. The unemployment rate rose slightly to 3.1 per cent, as more people entered the labour force.

Oil prices rose above US$63 per barrel this week after news of falling U.S. oil inventories, forecasts of cold weather in the eastern United States and lower OPEC output. Although natural gas prices climbed to $9.70/mcf, natural gas inventories remain 7 per cent above the five year average for this time of year.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter	Quarter/Previous Quarter (Annualized Rate)	Quarter/Previous Year's Quarter
	3rd Quarter			
Canadian Real GDP (annualized)	1,192,200	0.4%	1.7%	2.5 %
US Real GDP (billions of 2000 dollars, annualized)	11,450.5	0.5%	2.2%	3.0%
		Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Industrial Product Price Index (1997=100)	October			
Canada	113.4	-0.1%	1.2%	2.2%
Raw Materials Price Index (1997=100)	October			
Canada	155.5	-2.8%	2.0%	11.9%

Source: Statistics Canada

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-November 2006 versus January-November 2005*